

39. ISSUE: HENDERSHOTT INSTRUCTED BARKELL TO PAY STEVE FRIEDMAN FOR EQUIPMENT THAT HENDERSHOTT SAID HAD BEEN DONATED – SUBJECT: HENDERSHOTT

Chief Deputy David Hendershott

H34A. Allegedly, in violation of procurement policies, Chief Deputy David Hendershott instructed Executive Chief Loretta Barkell to pay Steve Friedman for video surveillance equipment that Hendershott had said was donated by Friedman some years prior. MCSO paid Friedman over \$15,000 out of jail enhancement funds.

H34B. Allegedly, at some prior point in time, Steve Friedman and/or his company had installed a complete security system in the home of Chief Deputy David Hendershott, at no cost to Hendershott.

NARRATIVE SUMMARY

Barkell reported that Hendershott had instructed her to find a contract under \$35,000 for Steve Friedman.

DOCUMENTARY EVIDENCE

Exhibit G6. Financial data from the MCSO Financial Services Division relating to historical payments to Emergency Alert Security (EAS), and memorandum from Rollie Seebert justifying expense.

The financial documentation includes the following:

- September 19, 2003, \$29,102.40, Surveillance Equipment & Installation (tents)
- March 22, 2004 Invoice #4047, \$1,500.00
- December 7, 2007, JEF 4123, S112695, \$15,754.60, 1 Demo Double-sided DVD System installed in Towers Jail
- December 7, 2007 split payment under JEF 4123, \$272.28

Also provided by Loretta Barkell was an undated draft memorandum, prepared by Rollie Seebert, who was a Deputy Chief working in Custody circa 2003. According to Barkell, the purpose of this memo was to provide justification supporting the purchase of the equipment with JEF funds.

WITNESS ACCOUNTS

Loretta Barkell

1 According to Barkell, Friedman had a system that he wanted the Sheriff's Office to buy.
2 Rollie Seebert and Hendershott approached Barkell about paying for such a system,
3 and Loretta told them that they could not buy the system, because Friedman was not a
4 vendor. Loretta found out, years later, that Friedman had come to see the Chief
5 Deputy, and was looking for a \$25,000 payment. She got a call from Hendershott to go
6 into his office, and he showed her an invoice from Friedman's firm. The Chief asked her
7 to take care of it, commenting that Friedman seemed to think that MCSO owed him
8 money for a system. Loretta did not know about the system, and Hendershott indicated
9 that Friedman's company had donated a video system to be used at tent city. Loretta
10 said that the Sheriff's Office had never paid for anything, because he was not a vendor.
11 Hendershott acknowledged this, but commented again that Friedman seemed to think
12 that Friedman was due payment. Loretta suggested to Hendershott that MCSO just
13 give him the equipment back, and went back to her office.

14
15 From her office, she called Detention and spoke to the Captain. She inquired about the
16 equipment and the Captain said that they had it, but it hadn't been in use for years. She
17 told the Captain to bring the equipment to her, and she would make an appointment
18 with Mr. Friedman to return the equipment. Subsequently, Friedman came to see her,
19 and explained to her that the equipment had not been donated, and that when he had
20 worked out the agreement with Hendershott and Rollie Seebert, it was his (Friedman's)
21 understanding that he would be paid eventually for the equipment, especially if it had
22 been used over a certain period of time. Loretta believes that three or four years had
23 passed from the time video security equipment had been installed at the tents.

24
25 Friedman claimed that he understood that he was going to be paid. She said that there
26 were several options. If he believed that payment was due, he could put in a claim to
27 the Board of Supervisors that he had provided a service and equipment to MCSO, and
28 had been promised payment. Friedman indicated that he did not want to go that route.
29 She told him that MCSO did not have money in the Detention fund to pay him, but she
30 said she would do some research. Friedman then said, "I don't understand why Dave's
31 doing this to me? I put in his whole security system in his house for free." (p. 99, Exhibit
32 116a) Loretta pointed out that that was a totally separate issue, and she said that she
33 was going to research it further and contact him. Loretta was going to figure out what
34 she could do to pay him and determine how the equipment had been used.

35
36 She learned that the equipment had been used at the tents for several years and that
37 Detention actually had Friedman come and service the equipment on several
38 occasions. As far as Loretta was concerned, MCSO had used the equipment and felt
39 that he should be paid, and MCSO paid him out of Jail Enhancement funds. (p. 99,
40 Exhibit 116a)

41
42 Loretta perceived that when Friedman came in, he was in a desperate situation
43 financially, and wanted payment for the equipment that had been in use at the Sheriff's
44 Office. It was during the course of his explanation that he commented that he had
45 installed a complete security system at Hendershott's home free of charge. Loretta

1 indicated that had this occurred, this would have been clear violation of county
2 procurement policies and Code of Conduct on the part of Hendershott because it could
3 be considered a kick back. She never discussed with Hendershott whether he had
4 actually received a security system in his home from Friedman or Friedman's company,
5 and whether he had paid for it or not.

6
7 **Rollie Seebert**

8
9 At some point, according to Seebert, he was instructed to go down to Friedman's
10 company, EAS. Hendershott told Seebert that Friedman was "a big contributor," and
11 that he had "a great product," and he wanted to see if MCSO could find some use for
12 the security systems that Friedman sold. (p. 53, Exhibit II36) Seebert thought that
13 Friedman's company had bid on the Tents video surveillance system and lost the bid,
14 according to information that he had received from Hendershott.

15
16 When asked whether, he, Shelly Bunn and Charlie Johnson, who had gone to visit
17 Friedman's office and see the product, ever found anything that might be useful, Rollie's
18 comments were as follows.

19
20 A: Ah, yes, we did. We, we're having trouble with things being thrown over
21 the fence into the tents, yard. And so Steven had this automatic camera system
22 that would detect movement, zoom in, and so we were trying to work all that out,
23 and I don't think we, we never got anywhere with it, because it was too
24 complicated, too expensive and it would have taken a lot of infra-structure. It
25 would actually have taken some heavier work to get it to actually work. So we
26 ultimately, I think we purchased a system of remote cameras from him. And it
27 wasn't really real expensive, but, I'm not sure exactly what they did. Then Steven
28 came up with this thing for the Towers Jail, which was another remote recording
29 system, and offered to put it in for free, and if we liked it, if it worked out, then
30 we could purchase more of it. Which is actually pretty smart on the vendor's part.
31 To come in and say, hey, I'll do this and it's fairly exclusive. I'm the only one
32 that can do it, which is another part of the procurement issue, so, anyway he did
33 do that. (p. 54, Exhibit II36)

34
35 Rollie's recollection is that MCSO had made one purchase from Friedman, and then he
36 went ahead and donated equipment that was put in at the Towers Jail. At that time, the
37 Towers Jail was not under Seebert's purview. Seebert did not believe that any other
38 purchases were made from Friedman after he did the free installation at the Towers Jail.

39
40 Seebert indicated that in approximately February of 2009, when he happened to be on
41 the 19th floor, Hendershott called him into his office and asked Rollie if he remembered
42 where the idea for purchasing the equipment from Friedman had come from. Rollie felt
43 like he was being taped, because of the way the question was asked, and the question
44 was "out of the blue." Basically, Rollie gave Hendershott a nonresponsive answer,
45 saying that it "came up from the facility."

1
2 In October of 2009, Seebert and his wife went to the Bahamas, and upon his return, he
3 went back to work, turned on his computer, and he observed that a memo from 2004,
4 about purchasing the equipment from Friedman, was on his "recent documents" list.
5 This told Rollie that someone had been into his computer, but he does not know whom.
6 This memo was asking for the purchase of some equipment, a single source
7 procurement, and the memo served as a justification for the purchase.

8
9 **David Hendershott**

10
11 Hendershott explained that Sheriff Arpaio had come to Hendershott, and indicated that
12 Friedman was complaining because he wasn't getting paid for equipment that he had
13 given to Detention. When asked if he understood whether the equipment had been
14 donated, Hendershott's comment was, "I didn't have any understanding of it at all
15 because I didn't know anything about it." What he did understand was that, according
16 to Sheriff Arpaio, Friedman was asserting that he was due money. Hendershott
17 contacted Jerry Sheridan, who reportedly looked into the situation. Hendershott
18 believes that probably the same day, he told Loretta and Jerry, although he does not
19 remember if he told them separately or together, "to see if there was a way to work this
20 stuff out." Hendershott understood that there was some kind of a misunderstanding
21 whether the equipment had been donated, or whether it was going to be purchased.
22 When asked whether he had instructed Loretta Barkell to pay the bill, his response was,
23 "I just don't remember telling her to pay the bill, I mean, she might have paid the bill."

24
25 According to Hendershott, before Friedman had done any work or provided any
26 equipment to the Sheriff's Office, Sheriff Arpaio had told Hendershott about Friedman,
27 because, as Hendershott put it, "the Sheriff gets hit up by every vendor on the planet."
28 (p. 37, Exhibit II16f)

29
30 As to the security system that was installed in Hendershott's house, Hendershott made
31 the following comments.

32
33 ... Now he did put a security system in my house and I, and basically it was a
34 rental system that I paid rent for, I think, every, for years and years and years and
35 years. It was like every three months I owed him a monitoring fee. He had a
36 monitoring company. I know the Sheriff used him for many years. And the
37 reason I used him is the Sheriff used him. He was happy with the service. But
38 what equipment was put out at my house was, you know, there was a contract
39 written and everything. I forget what, it's a couple hundred, \$250 bucks or
40 something like that. But that was all put in and as part of the service. (p. 37,
41 Exhibit II16f)

42
43 Hendershott's recollection was that the quarterly fee for the security system was high.
44

1 According to Hendershott, Friedman installed the system in his house approximately
2 eleven years prior, before he moved into his brand new home. An employee from
3 Friedman's business came out during that time, drilled holes in the framework to put in
4 wiring, and then came back after the house was built. The following dialogue then took
5 place in the investigative interview.

6
7 Q: So, was there any charge whatsoever for the installation?

8
9 A: You know what, I know I got charged. I know I got a check. But, I paid
10 for whatever the service was and I think there was some initial money that he, that
11 he was given.

12
13 Q: So, you believe that you did pay something for the installation?

14
15 A: Yeah. I think it was like, I don't know, \$3,000 or \$4,000 dollars, or
16 something like that. I don't know.

17
18 Q: So, you did pay something for the installation?

19
20 A: Oh, yeah. Absolutely. It's probably in my closing documents for my
21 house when it was first built.

22
23 PB: Do you know the estimated value of, so you assume you paid the full
24 price?

25
26 A: It sure felt like I paid a fair price.

27
28 PB: Okay. Alright, because that was the issue. I didn't understand that that
29 was what you, I thought you were just paying a fee to maintain it.

30
31 A: No. There was some equipment, well sure, I paid the rental and some of it
32 was included and then I just remember he got several thousand dollars.

33
34 Q: In a lump sum payment at the start . . .

35
36 A: Yeah.

37
38 Q: . . . for what you understood to be the installation?

39
40 A: Years ago. Yeah. And I think I even ran that through the mortgage to
41 where it was a check cut from the mortgage company had to do with the hard, the
42 hard lines that were going to stay there, or something like that.

43
44 Q: So, it was included in your mortgage?

1 A: That's what I remember, yeah. (pp. 39-40, Exhibit II16f)

2
3 When asked if there wasn't a check that he made out for the installation, Hendershott
4 indicated that he would not have written out a personal check, rather as he put it, "it
5 would have been a check that I would have had to sign that was made out to him by the
6 mortgage company." He believes that the installation cost was "a couple of thousand
7 bucks." (p. 40, Exhibit II16f)

8
9 The system described by Hendershott seemed to be fairly elaborate, and he
10 acknowledged that it was more elaborate than an alarm security system. It had video
11 monitoring components and a deck for recording video. He believes that there were
12 four total cameras, alarm contacts at the doors and windows, and motion sensors at the
13 doors.

14
15 When asked how many years he had paid the service fee, Hendershott said that it was
16 until Friedman went out of business. Hendershott understood that Friedman got out of
17 the business due to health reasons, and that the system has not been operational for
18 about the last six years. He denied that anyone from Friedman's company ever came
19 out to do any service work, but he acknowledged having called the company one time to
20 get some technical information about arming or disarming the system.

21
22 Hendershott denied that there would have been any reason for Friedman to have told
23 Loretta Barkell, at the time that there was discussions about the unpaid bill to MCSO,
24 that Friedman installed the system free of charge at Hendershott's home. He insisted
25 that he paid for it, and it was paid out of his mortgage. Hendershott suggested that
26 there would be records of this in his mortgage documentation.

27
28 Hendershott indicated that he did not recall whether Friedman was a contributor to the
29 Sheriff's campaign, while not denying that it was possible. Whatever work Friedman did
30 was done in accordance with procurement policies, according to Hendershott. He
31 thought that at one occasion, Friedman lost a bid for something, and felt that he had
32 been treated unfairly.

33
34 The following further interchange took place during the investigative interview.

35
36 Q: Well, what does it mean to you when the Sheriff contacts you and says
37 hey there's this guy who has this product? What, what does he expect you to do
38 with that information?

39
40 A: Well, he expects me to pass it on to the people so that if the guy wants to
41 sell to us or the county, okay, that he goes through the process of getting on the
42 approved vendor list. He's not going to get any business if he's not on the
43 approved vendor list and sometimes that vendor list is, you know, to be on the
44 approved vendor list is a little cumbersome too because if they're a small
45 company or something of that nature they, you know, they can't compete with the

1 big companies that can offer 24 hour maintenance on stuff and all that. So,
2 there's a lot that goes in to it.... (p. 45, Exhibit II16f)
3

4 As to the operability of the equipment that Friedman had provided, Hendershott's
5 comments were as follows.
6

7 ... But this sounded to me like something where he had given something hoping
8 that he would get more business or something like that and the thing was never
9 used and we, that's what I remember Jerry telling me. That it was never used, it
10 was set aside, it, I don't know, something it didn't work, or whatever. Whatever
11 it was supposed to do it didn't work right and it was set aside and frankly forgot
12 about. And then Friedman called back and, you know, I know he called the
13 Sheriff a number of times. (p. 46, Exhibit II16f)
14

15 **Stephen Friedman**
16

17 Friedman was contacted on three different occasions, by an employee of the consultant,
18 by Sgt. Cashman and by Sheriff Babeu, and on each occasion he refused to be
19 interviewed. Friedman indicated that he had been interviewed by the FBI and/or other
20 agencies relating to his work for MCSO.
21